

Report

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| Report to: | Community and Enterprise Resources Committee |
| Date of Meeting: | 7 December 2021 |
| Report by: | Executive Director (Community and Enterprise Resources) |

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| Subject: | South Lanarkshire Gift Card |
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ inform members of the South Lanarkshire gift card proposal from Scotland's Towns Partnership
- ◆ seek approval to progress with the promotion of the gift card for year one

2. Recommendation

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that it be agreed that the Council sign a concordat with Scotland's Towns Partnership to promote Scotland Loves Local Gift Card and related actions, as set out in section 5 of the report.

3. Background

- 3.1. Along with all other local authorities in Scotland, South Lanarkshire Council is being asked by the Scottish Government, through Scotland's Town Partnership (STP), to support a Scotland Loves Local Gift Card scheme, designed to encourage local shopping, drive footfall to local businesses and keep spend in the local area for longer. This initiative is also backed by COSLA.
- 3.2. The scheme is intended to allow local people to buy a gift card which can only be used in local businesses, therefore, keeping spend in the local economy. The scheme is open to all local businesses with a physical presence in South Lanarkshire to sign up to. Gift cards will be available for customers to buy from local businesses or online. They can be spent in any business who has signed up to the scheme within South Lanarkshire. The administration of the initiative is fully funded and supported by the Scottish Government for the first year (September 2021 to August 2022). STP have carried out a procurement exercise and appointed marketing agency, Miconex, who will administer the scheme.
- 3.3. Should a local authority agree to sign up to the scheme via a concordat, 5,000 gift cards will be made available for its local area for the first year. Each local authority is being offered the programme on the same basis. This is inclusive of a fully paid and managed service for the first year. Thereafter, the local authority has the option to agree to continue the scheme for a further year subject to covering the running costs.
- 3.4. The Council is being asked to sign up to a concordat, through which the Council will give its support to the scheme for an initial one-year period. Through this, the local authority would be agreeing to:-

- ◆ promote the Scotland Loves Local Gift Card scheme amongst outlets, merchants, and local attractions in the local authority area
- ◆ a local launch and promotion of the Gift Card to businesses in South Lanarkshire
- ◆ provide content for a landing page specific to South Lanarkshire

In order to fulfil our obligations under the concordat and reach businesses across South Lanarkshire, officers will be required to undertake an extensive period of promotion and liaison with businesses. It is anticipated that alongside digital and print marketing, officers will hold information sessions with businesses, or associated Business Improvement Districts or town centre organisations across South Lanarkshire. SPT (through Miconex) are the lead when it comes to the technical aspects of the card. However, as the Council will be promoting the card, the public and businesses may associate the Council as being the first port of call for any enquiries or problems associated with the card. An officer will be required to accommodate this into their workload.

- 3.5. The gift cards use the existing MasterCard network and can, therefore, be accepted by small independent businesses and national retailers who use this network. STP, on behalf of Scottish Government, have a contract in place with Miconex and will cover the full costs of the first year including licence fee, administration, support and management costs. Data will also be collected. This data will be used to track spend on the cards and provide information to determine what the benefit is to businesses from such a scheme.
- 3.6. STP have advised that the only cost to the Council for the initial year pilot period will be officer time. While there are some synergies with the work of Economic Development, it is anticipated the amount of officer time could be extensive. Officers will be required to liaise with businesses across South Lanarkshire to explain how the card works and what potential benefits there may be to the businesses. Officers will be the first port of call for any enquiries from businesses. Further, a marketing campaign will require to be undertaken. This campaign will be twofold, with one element promoting the card to businesses to sign up to the initiative, and the other making the public aware of the scheme so they can consider the card as a gift option. There will be costs to the Council in undertaking this marketing campaign. Beyond year one, there are increased resource implications for the Council through a monthly fee of £600. Funding is not allocated within any budget and year one promotion and marketing costs will be required from a new budget line. Recommendations on whether to continue beyond year one will consider both the wider economic benefits and the value for money to the Council and will be the subject of a future report to this Committee.

4. Proposal

- 4.1. The proposal is that 5,000 tailored Love Local Gift Cards will be produced per Scottish local authority area. All production and fulfilment of the product, as well as merchant and customer care, will be managed by STP and Miconex. Miconex will provide all purchase and fulfilment functions. This means that the Council will have no role in the functionality and e-commerce aspects of the gift card. The Scottish Government will cover the full costs of the first year including the 5,000 cards, licence fee, administration, support, management costs and data collection. If additional cards were required due to demand, these can be provided but this will be at a cost to the Council. The cards themselves are designed with the Scotland Loves local logo and the design is the same for all local authorities with the exception of the local authority's name.

- 4.2. Collection of data is key in being able to track spend regarding the individual cards and provide information that can then determine the value of a local gift card to our local businesses and the local authority area. STP estimate that on average people spend 65% more than the value of the gift when they go out to spend their card. If this proves to be the case, there is the potential to bring significant benefit to our local businesses and further support the Shop Local campaign.
- 4.3. Each business must register to be able to accept the card within their business. This can be completed at the Scotland Loves Local website. Once a business has registered, gift card recipients will be able to spend their Local Gift Card in that business and the business will appear on the relevant map and business directory listings. As the cards use the existing MasterCard infrastructure, Scotland Loves Local Gift Cards can be accepted by independent businesses and national retailers alike. Business must, however, have a physical presence in the local authority area to which the Gift Card corresponds. Local Gift Cards can also be used online, but only where that business also has a physical presence within that local authority area.
- 4.4. The messaging from Scottish Government and STP is that rollout success hinges on each local authority signing up to support the scheme to allow use of the Gift Card in every region of Scotland. The Gift Cards will be available to purchase online once the local authority has signed up to the concordat. By signing the concordat, the local authority will then support the use of the gift card in the local authority area, in so doing, allow the sale, use and circulation of gift cards in South Lanarkshire.
- 4.5. The benefits of the proposal are difficult to fully assess in advance of the roll out and, therefore, officers will bring an update report back to this Committee once the benefits have been established and the take up is known, along with recommendations on whether to continue to support the scheme. Officers are open to the benefits of the scheme but remain to be persuaded that it represents a long-term benefit to our towns and businesses. Whilst the card is being promoted by the Scottish Government it is understood that the Council is not obliged to take on the gift card. If the Council was not to go forward with the card, then the year one gift cards would be offered to local Business Improvement Districts (BIDs) and similar outlets to promote. However, as there are no significant financial implications for the Council in year one, it is recommended that the Council support the scheme.

5. Next Steps

- 5.1. The first year of the scheme is already underway, therefore, if committee approval is granted officers will have to dedicate time to get the South Lanarkshire Scheme up and running. The next steps would be as follows:-
- ◆ sign the concordat
 - ◆ information provided to SPT for South Lanarkshire landing page
 - ◆ a series of meetings to be held with business groups/town centre organisations across South Lanarkshire
 - ◆ organise launch event
 - ◆ digital and physical marketing to be launched across South Lanarkshire
 - ◆ a follow up second digital and physical marketing campaign to be launched mid-2022
 - ◆ monitoring of impact
 - ◆ report to Committee in August 2022 with recommendations for continuation based on success of year one

6. Employee Implications

- 6.1. Officer time is required to promote the card to both businesses and the local public, organise a launch event and support general enquiries etc.

7. Financial Implications

- 7.1. While there is no cost in year one, funding will be required to support the marketing and implementation of the card. It is anticipated that this will be in the region of £10,000 in order to have reach across South Lanarkshire. After year one, additional maintenance costs of £7,200 per annum will be required alongside the yearly marketing costs. As noted above, proposals to support future funding will be subject to a further report to this Committee.
- 7.2. Should the Council wish to remain within the scheme beyond the pilot year, there would be a monthly fee of £600 as well as card printing costs. The fee incorporates participation in the scheme, fulfilment, promotion, e-commerce and platform access. If a bespoke design was to be added to the card the costs of the cards may well increase. If a local authority chooses to leave the scheme there is a 3-month notice period.
- 7.3. The above costs will be met from existing budgets.

8. Climate Change, Sustainability and Environmental Implications

- 8.1. There are no climate change or environmental implications as a result of this report.

9. Other Implications for the Council

- 9.1. The card is being widely promoted by STP and has attracted the attention of local Business Improvement Districts.
- 9.2. Although the card is being managed by STP/Miconex, South Lanarkshire Council will be promoting the card and as such there will be a risk of reputational damage to the Council should any complications arise.

10. Equality impact assessment and consultation arrangements

- 10.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no Impact Assessment is required.

Michael McGlynn

Executive Director (Community and Enterprise Resources)

8 November 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Scotland's Towns Partnership Gift Card Campaign Pack.

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Victoria Eccles, Project Development Officer

Ext: 01698 453982

E-mail : victoria.eccles@southlanarkshire.gov.uk